

CLUB BENSON & HEDGES CONCERT PROGRAM
SUMMITT MANAGEMENT COST ANALYSIS
1995 vs. 1996

Outlined below is a cost analysis and comparison for the 1995 budget versus the 1996 proposed program cost.

PROGRAM COSTS:

	<u>1996</u>	<u>1995</u>
Management Fee:	\$ 25,000	\$ 11,000
Out of Pocket Expenses:	20,000	16,000
Operating Expenses -		
Talent:	250,000	125,000
Production:	<u>135,000</u>	<u>125,000</u>
Total Budget:	\$430,000	\$277,000

MANAGEMENT FEE: 1996: \$25,000 (6.5%) 1995: \$11,000 (4.4%)

The 1996 Summitt management fee has increased by 2% or \$14,000 over 1995. This increase is resulting because Summitt is being required to plan and coordinate a greater number of concerts in 1996. During 1995, Summitt was required to provide production for 2 concerts and talent for only 1 concert. During 1996, Summitt will be providing both production and talent for 2 concerts, and production only for a third concert. The 2% increase in management fee, as a percent of operating expenses, has resulted due to the increase in responsibilities that has been passed on to Summitt. While the management fee has increased to 6.5% of operating expenses, this percentage is in line with the promoter fees being charged for the Marlboro Concerts.

OUT OF POCKET EXPENSES: 1996: \$20,000 (5.2%) 1995: \$16,000 (6.4%)

While the 1996 out of pocket expense budget has increased slightly compared to 1995, these expenses have declined to 5.2% of total operating expenses. This decrease, as a percentage of operating expenses, has resulted from a better understanding of program requirements and improved planning during 1996.

TALENT: 1996: \$250,000 1995: \$125,000

Per Event:

1996 - \$125,000 (2 concerts)
1995 - \$125,000 (1 concert)

While the 1996 talent budget has increased by \$125,000, this increase is the direct result of Summitt being required to promote one more concert. During 1995, Summitt was only required to arrange the talent for one concert. The talent for the remaining concerts were handled through event sponsorships because they required a lower level of talent. The change for 1996 has resulted because of the decision to provide a higher quality of talent for all the B&H concerts.

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PRODUCTION: 1996: \$135,000 1995: \$125,000

Per Event:

1996 - \$45,000 (3 concerts)

1995 - \$62,500 (2 concerts)

The 1996 production budget has increased by \$10,000. This increase is the direct result that Summitt is being required to provide production services for 1 more concert during 1996. Despite the overall increase in production costs, the cost per concert has decreased \$17,500. This decrease has resulted because two of the three concerts require a less elaborate stage set up. Production at each concert will include the equipment and set up costs for sound, lighting, and band gear.

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